



SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197502208Z)

Unaudited Condensed Interim Financial Statements For The Half Year Ended 30 June 2023

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SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No.: 197502208Z)

Condensed Interim Financial Statements for The Period Ended 30 June 2023

(A) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group Unaudited First Half Year Ended		
		30-Jun-23 S\$'000	30-Jun-22 S\$'000	Change %
Revenue	3.3	39,006	40,915	(4.7)
Cost of sales of goods and services		(31,565)	(32,491)	(2.9)
Gross profit		<u>7,441</u>	<u>8,424</u>	<u>(11.7)</u>
Other income		1,373	1,328	3.4
Selling and distribution expenses		(208)	(208)	-
Administrative expenses		(3,540)	(3,691)	(4.1)
Other operating expenses		(2,256)	(3,482)	(35.2)
Finance costs		(456)	(315)	44.8
Share of loss of associate, net of tax		*	(256)	(100.0)
Profit before tax	4	<u>2,354</u>	<u>1,800</u>	<u>30.8</u>
Income tax expenses	5	(88)	(337)	(73.9)
Profit after tax for the period		<u>2,266</u>	<u>1,463</u>	<u>54.9</u>
Other comprehensive loss, net of tax:				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		(61)	(49)	24.5
Other comprehensive loss for the period		<u>(61)</u>	<u>(49)</u>	<u>24.5</u>
Total comprehensive income for the period		<u>2,205</u>	<u>1,414</u>	<u>56.0</u>
Profit for the financial period attributable to:				
Equity holders of the Company		2,176	1,428	52.4
Non-controlling interest		90	35	157.1
		<u>2,266</u>	<u>1,463</u>	<u>54.9</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company		2,112	1,379	53.2
Non-controlling interest		93	35	165.7
		<u>2,205</u>	<u>1,414</u>	<u>56.0</u>
Earnings per share (cents per share):				
Basic and diluted		0.35	0.22	0.13

*Amount below \$1,000

The above condensed interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



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Condensed Interim Financial Statements for The Period Ended 30 June 2023

(B) Condensed Interim Statements of Financial Positions

	Note	Group		Company	
		Unaudited 30-Jun-23 S\$'000	Audited 31-Dec-22 S\$'000	Unaudited 30-Jun-23 S\$'000	Audited 31-Dec-22 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	39,587	39,613	8	14
Right-of-use assets		3,652	3,820	1,117	1,198
Investment property	10	-	-	7,956	8,542
Investment in subsidiaries		-	-	33,227	33,227
Investment in associates		64	245	-	-
Other financial assets		14,093	14,093	14,042	14,044
Goodwill		6,000	6,000	-	-
Other receivables and prepayments		2,889	2,814	2,889	2,814
		<u>66,285</u>	<u>66,585</u>	<u>59,239</u>	<u>59,839</u>
Current assets					
Cash and bank balances		51,714	59,975	39,879	44,202
Land held for development		4,566	4,566	-	-
Notes receivable		5,395	-	5,395	-
Inventories		4,119	4,281	-	-
Trade receivables	12	23,239	20,039	-	-
Contract assets	11	6,655	8,021	-	-
Other receivables and prepayments		4,079	3,497	1,356	1,352
Tax recoverable		413	-	-	-
Amount due from subsidiaries		-	-	30,185	32,549
		<u>100,180</u>	<u>100,379</u>	<u>76,815</u>	<u>78,103</u>
Total assets		<u>166,465</u>	<u>166,964</u>	<u>136,054</u>	<u>137,942</u>
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables and accruals		9,319	6,822	405	373
Contract liabilities	11	2,706	2,648	-	-
Other payables		3,051	2,558	555	515
Amount due to subsidiaries		-	-	519	205
Term loans	13	2,348	7,283	-	-
Other amounts due to bankers	13	5,353	7,628	-	-
Lease liabilities		375	236	153	145
Provision for income tax		456	425	-	-
		<u>23,608</u>	<u>27,600</u>	<u>1,632</u>	<u>1,238</u>
Non-current liabilities					
Term loans	13	5,996	2,254	-	-
Lease liabilities		3,634	3,953	1,118	1,198
Deferred tax liabilities		1,719	1,718	1,577	1,577
		<u>11,349</u>	<u>7,925</u>	<u>2,695</u>	<u>2,775</u>
Total liabilities		<u>34,957</u>	<u>35,525</u>	<u>4,327</u>	<u>4,013</u>



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Condensed Interim Financial Statements for The Period Ended 30 June 2023

(B) Condensed Interim Statements of Financial Positions (Continued)

	Note	Group		Company	
		Unaudited 30-Jun-23 S\$'000	Audited 31-Dec-22 S\$'000	Unaudited 30-Jun-23 S\$'000	Audited 31-Dec-22 S\$'000
Equity					
Share capital	14	155,547	155,547	155,547	155,547
Treasury shares	14	(11,524)	(11,524)	(11,524)	(11,524)
Asset revaluation reserve		12,473	12,473	8,582	8,582
Fair value reserve		(9,861)	(9,861)	(10,247)	(10,247)
Foreign currency translation reserve		(398)	(334)	-	-
Other reserve		-	-	3,297	3,297
Accumulated losses		(15,135)	(15,175)	(13,928)	(11,726)
Equity attributable to owners of the Company		131,102	131,126	131,727	133,929
Non-controlling interest		406	313	-	-
Total equity		131,508	131,439	131,727	133,929
Total liabilities and equity		166,465	166,964	136,054	137,942

The above condensed interim statements of financial positions should be read in conjunction with the accompanying notes.



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Condensed Interim Financial Statements for The Period Ended 30 June 2023

(C) Condensed Interim Statements of Changes in Equity

	← Attributable to equity holders of the Company →						Total S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Asset revaluatio n reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000			
Group									
Unaudited									
At 1 January 2023	155,547	(11,524)	12,473	(9,861)	(334)	(15,175)	131,126	313	131,439
Profit for the period	-	-	-	-	-	2,176	2,176	90	2,266
Other comprehensive loss, net of tax	-	-	-	-	(64)	-	(64)	3	(61)
Total comprehensive income for the period	-	-	-	-	(64)	2,176	2,112	93	2,205
Dividend (Note 7)	-	-	-	-	-	(2,136)	(2,136)	-	(2,136)
At 30 June 2023	155,547	(11,524)	12,473	(9,861)	(398)	(15,135)	131,102	406	131,508
Unaudited									
At 1 January 2022	160,640	(5,395)	12,771	(9,861)	479	(20,231)	138,403	(110)	138,293
Profit for the period	-	-	-	-	-	1,428	1,428	35	1,463
Other comprehensive loss, net of tax	-	-	-	-	(49)	-	(49)	-	(49)
Total comprehensive income for the period	-	-	-	-	(49)	1,428	1,379	35	1,414
Shares buy-back	(4,275)	(6,641)	-	-	-	-	(10,916)	-	(10,916)
At 30 June 2022	156,365	(12,036)	12,771	(9,861)	430	(18,803)	128,866	(75)	128,791



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Condensed Interim Financial Statements for The Period Ended 30 June 2023

(C) Condensed Interim Statements of Changes in Equity (Continued)

← Attributable to equity holders of the Company →

	Share capital S\$'000	Treasury shares S\$'000	Asset revaluation reserve S\$'000	Other Reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Company							
Unaudited							
At 1 January 2023	155,547	(11,524)	8,582	3,297	(10,247)	(11,726)	133,929
Loss for the period, representing total comprehensive income for the period						(66)	(66)
Dividends	-	-	-	-	-	(2,136)	(2,136)
At 30 June 2023	155,547	(11,524)	8,582	3,297	(10,247)	(13,928)	131,727
Unaudited							
At 1 January 2022	160,640	(5,395)	8,582	3,297	(10,247)	(13,964)	142,913
Loss for the period, representing total comprehensive income for the period	-	-	-	-	-	(268)	(268)
Shares buy-back	(4,275)	(6,641)	-	-	-	-	(10,916)
At 30 June 2022	156,365	(12,036)	8,582	3,297	(10,247)	(14,232)	131,729

The above condensed interim statements of changes in equity should be read in conjunction with the accompanying notes.



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Condensed Interim Financial Statements for The Period Ended 30 June 2023

(D) Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		Unaudited First Half Year Ended 30-Jun-23 S\$'000	Unaudited First Half Year Ended 30-Jun-22 S\$'000
Cash Flows from Operating Activities			
Profit before tax for the period		2,354	1,800
Adjustments for:			
Depreciation of property, plant and equipment	4	1,676	2,226
Depreciation of right-of-use assets	4	166	181
Loss on disposal of property, plant and equipment		-	1
Property, plant and equipment written off		4	71
Allowance/(reversal) for inventory obsolescence		23	(3)
(Reversal)/allowance for impairment of receivables and contract assets - net		(45)	98
Allowance for impairment of investments in associate		181	-
Interest income	4	(1,017)	(143)
Interest expense	4	456	315
Share of loss of associate, net of tax		*	256
Unrealised foreign exchange loss/(gain) – net		11	(1,521)
Operating cash flows before working capital changes		3,809	3,281
Changes in working capital:			
Inventories		139	(861)
Contract assets, receivables and prepayments		(2,366)	1,360
Contract liabilities and payables		3,048	(930)
Cash from operations		4,630	2,850
Interest received		945	143
Interest paid		(456)	(156)
Income tax paid		(470)	(151)
Net cash from operating activities		4,649	2,686
Cash Flows From Investing Activities			
Payment for purchase of property, plant and equipment		(1,654)	(548)
Proceeds from disposal of property, plant and equipment		-	11
Purchase of notes receivable		(5,395)	-
Interest received		72	-
Loan to investee company		(75)	(620)
Net cash used in investing activities		(7,052)	(1,157)
Cash Flows from Financing Activities			
Shares buy-back		-	(10,916)
Repayment of bank term loans		(1,193)	(1,637)
(Repayment of)/drawdown of trust receipts (net)		(2,275)	1,763
Payment of dividends	7	(2,136)	-
Payment of lease liabilities		(185)	(274)
Net cash used in financing activities		(5,789)	(11,064)
Net changes in cash and cash equivalents			
		(8,192)	(9,535)
Cash and cash equivalents at the beginning of period		59,975	66,380
Effects of exchange rate changes on the balances of cash held in foreign currencies		(69)	1,297
Cash and cash equivalents at the end of the period		51,714	58,142

*Amounts below SGD1,000

The above condensed interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.



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E Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate information

SHS Holdings Ltd. (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

The Company’s registered address and principal place of business is at 19 Tuas Avenue 20, Singapore 638830.

The principal activities of the Company are investment holding and those of grit blasting and painting. The principal activities of the Group are the corrosion prevention services, engineering and construction, and solar energy related services.

2 Basis of preparation

2.1 The condensed financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standard Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended Standards as set out in note 2.2.

The financial statements are presented in Singapore dollar which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (“\$’000”) except when otherwise indicated.

2.2 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of Financial Reporting Standards (“INT FRS”) that are mandatory for the accounting periods beginning on or after 1 January 2023. The adoption of these new and revised SFRS(I)s and INT FRS did not result in material changes to the Group’s accounting policies and has no material effect on the financial results or position of the Group and the Company.

2.3 Use of estimates and judgements

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management is of the opinion that there are no critical judgements made in applying the Group’s accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.



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E Notes to the Condensed Interim Consolidated Financial Statements

3 Segmental reporting

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance of the Group. The Group's reportable operating segments are as follows:

- Engineering & construction
- Corrosion prevention
- Solar energy
- Others

The engineering & construction segment is in the business of designing, engineering and construction of steel, aluminium and glass structures, and design, construction including major upgrading works.

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The solar energy segment specialises in solar energy development and engineering and project management for electrical works.

Others segment consists of property development business, warehousing, storage handling services, corporate head office and strategic investments.



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3.1 Segment revenues, results, assets and liabilities

	Engineering & Construction		Corrosion Prevention		Solar Energy		Others		Total	
	1H 2023 S\$'000	1H 2022 S\$'000	1H 2023 S\$'000	1H 2022 S\$'000	1H 2023 S\$'000	1H 2022 S\$'000	1H 2023 S\$'000	1H 2022 S\$'000	1H 2023 S\$'000	1H 2022 S\$'000
Segment revenue	19,800	26,820	8,406	9,833	10,800	4,262	-	-	39,006	40,915
Results										
Segment results	2,848	3,093	818	1,253	1,458	477	(147)	(89)	4,977	4,734
Finance costs	(366)	(243)	(46)	(45)	(44)	(27)	-	-	(456)	(315)
Share of loss of associate, net of tax									*	(256)
Other income									1,373	1,328
Central administration costs and directors salaries									(3,540)	(3,691)
Profit before tax									2,354	1,800
Income tax									(88)	(337)
Profit for the year									2,266	1,463
Other information										
Depreciation of PPE and ROU	882	1,219	873	1,181	87	7	-	-	1,842	2,407
(Reversal)/allowance of impairment loss on receivables and contract assets	-	-	(45)	98	-	-	-	-	(45)	98
Impairment on investment in associate	-	-	-	-	-	-	-	-	181	-
	Engineering & Construction		Corrosion Prevention		Solar Energy		Others		Total	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Assets										
Segment assets	54,368	61,539	32,452	38,517	11,886	6,275	67,695	60,388	166,401	166,719
Investment in associates	64	245	-	-	-	-	-	-	64	245
Total segment assets									166,465	166,964
Liabilities										
Segment liabilities	21,876	17,152	3,618	13,948	6,276	1,879	1,012	403	32,782	33,382
Unallocated liabilities										
- Provision for taxation									456	425
- Deferred income tax									1,719	1,718
Total segment liabilities									34,957	35,525

*Amount below \$1,000



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E Notes to the Condensed Interim Consolidated Financial Statements

3.1 Segment revenues, results, assets and liabilities (continued)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for 1H2023 was S\$624,700 (1H2022: S\$853,000). Segment results represent the profit/(loss) earned by each segment without allocation of central administration costs and directors' remuneration, share of loss of associates and other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3.2 Geographical information

The Group's continuing operations is primarily carried out in Singapore. The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical locations are detailed below.

	<u>Group's revenue from</u>		<u>Group's non-current</u>	
	<u>external customers</u>		<u>assets ⁽ⁱ⁾</u>	
	1H 2023	1H 2022	30 Jun 23	31 Dec 22
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	37,010	38,784	48,863	48,560
Rest of South East Asia ⁽ⁱⁱ⁾	1,996	2,074	3,320	3,904
People of Republic China	-	-	10	28
Others ⁽ⁱⁱⁱ⁾	-	57	-	-
	<u>39,006</u>	<u>40,915</u>	<u>52,193</u>	<u>52,492</u>

(i) Non-current assets exclude other financial assets

(ii) Rest of South East Asia includes Malaysia, Vietnam and Indonesia

(iii) Others include Japan and Europe

3.3 Disaggregation of revenue from contracts with customers

	Group	
	1H 2023	1H 2022
	S\$'000	S\$'000
<u>Principal geographical market</u>		
<i>Singapore</i>		
- Engineering & construction services	19,800	26,820
- Services rendered – grit blasting and painting	6,696	7,785
- Solar power installation service	6,829	1,585
- Sale of blasting equipment goods	1,298	948
- Sale of solar power equipment goods	2,387	1,646
	<u>37,010</u>	<u>38,784</u>
<i>Rest of South East Asia⁽ⁱ⁾</i>		
- Sale of solar power equipment goods	1,584	1,030
- Sale of blasting equipment goods	412	1,044
	<u>1,996</u>	<u>2,074</u>
<i>Others⁽ⁱⁱ⁾</i>		
- Sale of blasting equipment goods	-	57
	<u>-</u>	<u>57</u>
Total Revenue	<u>39,006</u>	<u>40,915</u>



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3.3 Disaggregation of revenue from contracts with customers (continued)

	Group	
	<u>1H 2023</u>	<u>1H 2022</u>
	S\$'000	S\$'000
<u>Major products or service lines and time of revenue recognition</u>		
<i>At a point in time</i>		
- Sale of solar power equipment goods	3,971	2,733
- Sale of blasting equipment goods	1,710	1,992
	5,681	4,725
<i>Over time</i>		
- Engineering & construction services	19,800	26,820
- Services rendered – grit blasting and painting	6,696	7,785
- Solar power installation service	6,829	1,585
	33,325	36,190
Total Revenue	39,006	40,915

(i) Rest of South East Asia includes Malaysia, Vietnam and Indonesia

(ii) Others include Japan and Europe

4 Profit before tax

Profit before tax for the period is arrived at after crediting/(charging) the following:

	Group	
	<u>1H 2023</u>	<u>1H 2022</u>
	S\$'000	S\$'000
Other income	183	915
Rental income	54	65
Interest income	1,017	143
Interest on borrowings	(456)	(315)
Depreciation of property, plant and equipments	(1,676)	(2,226)
Depreciation of right-of-use assets	(166)	(181)
Reversal/(allowance) for impairment of receivables and contract assets -net	45	(98)
Allowance/(reversal) for inventory obsolescence	23	(3)
Impairment on investments in associate	(181)	-
Foreign currency exchange (loss)/gain (net)	(19)	206



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E Notes to the Condensed Interim Consolidated Financial Statements

5 Income tax expense

	Group	
	<u>1H 2023</u>	<u>1H 2022</u>
	S\$'000	S\$'000
Current income tax:		
- Current period	92	179
- (Over)/under provision in respect of prior year	(6)	138
	86	317
Deferred tax:		
- Deferred tax relating to the reversal of temporary differences	2	(4)
- Underprovision in respect of prior year	-	24
	2	20
	<u>88</u>	<u>337</u>

The corporate income tax applicable to the Company and other Singapore incorporated entities of the Group is 17% (1H2022: 17%). The entities of the Group in Malaysia and Indonesia are subject to a corporate income tax rate of 24% and 22% (1H2022: 24% Malaysia and 22% Indonesia). The remaining entities of the Group operating in other jurisdictions are considered not material.

6 Earnings per share

Earnings per share based on the net profit of the Group attributable to the shareholders:

	Group	
	<u>1H 2023</u>	<u>1H 2022</u>
Earnings per ordinary share for the period based on net profits attributable to the equity holders of the Company		
(i) Based on weighted average number of ordinary shares	0.35 cents	0.22 cents
Weighted average number of shares	629,947,341	644,407,096
(ii) On a diluted basis	0.35 cents	0.22 cents
Weighted average number of shares	629,947,341	644,407,096

7 Dividend

	Group	
	<u>1H 2023</u>	<u>1H 2022</u>
	S\$'000	S\$'000
Dividend on ordinary shares		
- Final tax exempted (one-tier) dividend of S\$0.0035 per ordinary share in respect of the financial year ended 31 December 2022 – AGM approved 27 April 2023	2,136	-

There is no dividend recommended for the period ended 30 June 2023 (30 June 2022: Nil).



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E Notes to the Condensed Interim Consolidated Financial Statements

8 Net asset value

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
Net asset backing per ordinary share	21.54 cents	21.53 cents	21.58 cents	21.94 cents
Based on the number of shares in issue, excluding treasury shares	610,403,412	610,403,412	610,403,412	610,403,412

9 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost amounting to S\$1,654,000 (30 June 2022: S\$548,000).

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of an asset or group of assets is assessed as the higher of its fair value less costs of disposal and its value in use.

The Group's leasehold buildings at 81 Tuas South Street 5 and 19 Tuas Avenue 20 were professionally valued by an independent valuer based on open market value as at 31 December 2022 and are mortgaged to secure the credit facilities of the Group.

Based on the impairment reviewed, management concluded that there was no impairment in respect of the property, plant and equipment as of the reporting period as the Group has continued profits for the periods.

10 Investment Property

	<u>Company</u>	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	S\$'000	S\$'000
<u>At cost</u>		
At beginning of the reporting period	14,400	14,400
<u>Accumulated depreciation</u>		
At beginning of the reporting period	5,858	4,686
Depreciation charge	586	1,172
At end of the reporting period	6,444	5,858
<u>Net book value</u>		
At end of the reporting period	7,956	8,542

The Group's leasehold building at 81 Tuas South Street 5 is leased to certain subsidiaries of the Group to earn leasing revenue. Accordingly, the leasehold building is classified as an investment property on the statement of financial position of the Company. Investment property held for long-term rental yields and/or for capital appreciation, is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.



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10 Investment Property (continued)

The fair value of the investment property disclosed below is measured using valuation inputs categorised as Level 3 in the Fair Value Hierarchy as follows:

	<u>Level 1</u> S\$'000	<u>Level 2</u> S\$'000	<u>Level 3</u> S\$'000	<u>Total</u> S\$'000
<u>30 Jun 2023</u>				
Investment property	-	-	14,100	14,100
<u>31 Dec 2022</u>				
Investment property	-	-	14,100	14,100

The fair value of the investment property is determined based on a valuation by an independent professional valuer at the end of 31 Dec 2022. In determining the fair value, the valuer has used the direct comparison method by referring to market evidence of recent transactions for similar properties. Based on the reviewed, management concluded that there was no impairment in respect of the investment property as of the reporting period.

11 Contract balances

	Group	
	<u>30 Jun 2023</u> S\$'000	<u>31 Dec 2022</u> S\$'000
<u>Contract assets</u> – current		
Contracts work in progress ⁽ⁱ⁾	72	40
Amount due from customers ⁽ⁱⁱ⁾	6,583	7,981
	<u>6,655</u>	<u>8,021</u>
<u>Contract liabilities</u> – current		
Amount due to customers	<u>2,706</u>	<u>2,648</u>

⁽ⁱ⁾ Contracts work in progress represents costs recognised that relate to future activity and have not been used in contract performance at the reporting date.

⁽ⁱⁱ⁾ Amount due from customers represents the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.



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12 Trade Receivables

	Group	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	S\$'000	S\$'000
Trade receivables:		
- third parties	15,683	13,289
- related party	148	148
- retention sums on construction contracts	9,253	8,497
	<u>25,084</u>	<u>21,934</u>
Less: Loss allowance*	(1,845)	(1,895)
	<u>23,239</u>	<u>20,039</u>

The credit period for trade receivables ranges from 30 to 90 days (2022: 30 to 90 days). No interest is charged on the outstanding balances of trade receivables.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The Group has recognised a loss allowance of 100% against all trade receivables over 1 year and 9 months past due (credit-impaired) because historical experience has indicated that these trade receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. None of the trade receivables that have been written off is subject to enforcement activities.

13 Bank Borrowings

	Group	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	S\$'000	S\$'000
Other amounts due to bankers - Current		
Trust receipts	5,353	7,628
Amount repayable in one year or less, or on demand		
Term loan I, Secured	1,093	6,039
Term loan II, Secured	1,255	1,244
	<u>2,348</u>	<u>7,283</u>
Amount repayable after one year		
Term loan I, Secured	4,372	-
Term loan II, Secured	1,624	2,254
	<u>5,996</u>	<u>2,254</u>

The credit facilities of the Group were secured by the following:

- (i) first legal mortgage over 81 Tuas South Street 5, Singapore 637651;
- (ii) first legal mortgage over 19 Tuas Avenue 20, Singapore 638830;
- (iii) first deed of debenture duly executed, incorporating a fixed and floating charge over the present and future undertaking, assets, revenues and rights of a subsidiary of the Group; and
- (iv) corporate guarantee from the Company for a total of S\$65.1 million (2022: S\$65.1 million).



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14 Issued and paid-up capital

	Group and Company	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	S\$'000	S\$'000
Issued and fully paid, with no par value:		
At beginning of the reporting period		
678,109,912 (2022: 710,639,212) ordinary shares	155,547	160,640
Share buy-back during the period		
Nil (2022: shares buy-back and cancelled during the year 32,529,300 ordinary shares)	-	(5,093)
At end of the reporting period		
678,109,912 (2022: 678,109,912) ordinary shares	<u>155,547</u>	<u>155,547</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction, except for treasury shares, at general meetings of the Company and rank equally with regards to the Company's residual assets.

There were no subsidiary holdings as at 30 June 2023 and 31 December 2022.

Treasury Shares

	Group and Company	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	S\$'000	S\$'000
At beginning of the reporting period		
67,706,500 (2022: 28,001,900) treasury shares	(11,524)	(5,395)
Shares buy-back during the period		
Nil (2022: 39,704,600) ordinary shares	-	(6,129)
At end of the reporting period		
67,706,500 (2022: 67,706,500) treasury shares	<u>(11,524)</u>	<u>(11,524)</u>

Number of issued shares (excluding Treasury Shares) as at 30 June 2023 is 610,403,412 (31 December 2022: 610,403,412).

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on. There are no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.



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15 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into transactions with related parties during the financial period, on terms agreed between the parties, as shown below.

	Group	
	<u>1H 2023</u>	<u>1H 2022</u>
	S\$'000	S\$'000
(a) Professional fees paid to a firm in which a director is a partner of the firm	-	10
(b) Sales to a related party	-	2
(c) Purchase of services from a related party	143	19
(d) Purchase of services from an associate	-	198
(e) Service income received from an associate	1	-
(f) Key Management personnel compensation	722	823

16 Seasonal operations

The Group's businesses are not significantly affected by seasonal or cyclical factors during the financial period.

17 Subsequent events

There are no known material subsequent events which have resulted in adjustments to this set of interim financial statements.



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F Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of SHS Holdings Ltd and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

2. Review of performance of the Group

Overview

For the first half ended 30 June 2023 (“1H23”), the Group revenue dropped 4.7% to S\$39 million from S\$40.9 million and improved in net profit attributable to equity holders of S\$2.2 million from S\$1.4 million a year ago.

As at 30 June 2023, the Group’s total equity was S\$131.5 million from S\$131.4million as at 31 December 2022. The Group has cash and cash equivalents balance of S\$51.2 million. The Group is in a net cash position with low debt-to-total equity ratio of 10.4%.

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

	1H23	1H22	Change
	S\$’000	S\$’000	(%)
Engineering & Construction (“E&C”)	19,800	26,820	(26.2)
Corrosion Prevention (“CP”)	8,405	9,833	(14.5)
Solar Energy	10,800	4,262	153.4
Others	-	-	-
Total	39,005	40,915	(4.7)

The Group’s revenue dropped by 4.7% to S\$39.0 million in 1H23, compared with S\$40.9 million in the corresponding period last year. This was mainly due to reduce in project revenue from E&C segment and Corrosion Prevention segment in 1H23, but was offset by the improved in Solar Energy.

Corrosion Prevention (“CP”) segment

Revenue for the CP segment decreased by 14% to S\$8.4million in 1H23 from S\$9.9 million. The CP segment revenue in the previous corresponding period was impacted by lesser order from site & blasting jobs.

Engineering & Construction (“E&C”) segment

E&C segment revenue dropped in the current half of FY2023 as compared with FY2022 mainly due to the near to completion of the project, as a result, revenue for the E&C segment decreased by 26% down to S\$19.8 million in 1H23 from S\$26.8 million in 1H22.

Solar Energy segment

Revenue for the Solar Energy segment raised to S\$11million in 1H23 from S\$4.3 million in 1H22 due to securing more EPC progressive projects contributing to the revenue.



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2. Review of performance of the Group

Gross Profit and Gross Profit Margin

	Gross Profit			Gross Profit Margin	
	1H23	1H22	Change	1H23	1H22
	S\$'000	S\$'000	(%)		
E&C	3,982	4,198	(5.1)	20.1	15.7
CP	1,795	3,656	(50.9)	21.4	37.2
Solar Energy	1,664	585	184.4	15.4	13.7
Others	-	(15)	N.M.	N.M	N.M
Total	7,441	8,424	(11.7)	19.1	20.6

The Group's gross profit decreased by 11.7% from S\$8.4 million in 1H22 to S\$7.4 million in 1H23, in line with the decrease in sales for both E&C and CP segment for the period but was fortunately offset by the improved performance in Solar Energy segment.

E&C segment

Gross profit for E&C segment decreased slightly from S\$4.2 million in 1H22 to S\$4.0 million in 1H23. This was largely driven by several high value projects commenced in 1H23 which generated better margin as compared to the previous period.

CP segment

CP segment recorded a dropped of 50.9% in gross profit to S\$1.8 million in 1H23 on the back of the dropped in revenue of 14.5% for S\$3.6 million mainly due to the more competitive pricing for the shipyard with increasing direct costs.

Solar Energy segment

For 1H23, gross profit improved from S\$0.6 million to S\$1.7 million was driven by both EPC works being carried out and higher inverter sales during the period. The gross margin increased slightly from 13.7% in 1H22 to 15.4% in 1H23.

Other Income

Other income increased by 3% year-on-year from S\$1.3 million in 1H22 to S\$1.4 million in 1H23.



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2. Review of performance of the Group

Selling, Distribution, Administrative and Other Operating Expenses (OPEX)

	1H23	1H22	Change
	S\$'000	S\$'000	(%)
Selling & Distribution	(208)	(208)	-
Administrative	(3,540)	(3,691)	(4.0)
Other OPEX	(2,256)	(3,482)	(35.0)
Total OPEX	(6,004)	(7,381)	(18.7)

Total OPEX in 1H23 was 19% lower than the corresponding period in the previous year.

Total OPEX decrease year-on-year from S\$7.4 million in 1H22 to S\$6 million in 1H23.

Selling and distribution expenses remains constant with 1H22 caused by increased in travelling expense but offset by decreases in advertisement costs.

Administrative expenses dropped slightly by 4% to S\$3.5 million from S\$3.7 million mainly due to higher staff-related expenses in line with the increase in business activities as the result of the progressive lifting of the Covid-19 restrictions.

Other operating expenses decreased significantly by 35% mainly due to lower rental of container office, depreciation of revalued property, plant and equipment and other indirect costs related to business activities.

Finance Costs

Finance costs were higher at S\$0.45 million in 1H23 largely due to increase in interest rate of term loan & interest charge for trust receipts.

Share of Associate' Results

For 1H23, share of loss from associated company was S\$237 as compared to a loss of S\$256,000. The decreased was due to lesser loss incurred by associated company.



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2. Review of performance of the Group

Condensed Interim Statements of Financial Positions

Non-current assets decreased slightly by S\$0.3 million mainly due to depreciation amounting to S\$1.8 million and offset by the addition to assets of S\$1.4 million. The increase in non-current receivable was mainly due to the favorable movement of USD.

Current assets decreased by S\$0.2 million from S\$100.4 million as at 31 Dec 2022 to S\$100.2 million as at 30 June 2023. This was largely attributed to:

- Decrease in contract assets mainly due to number of major projects are substantially completed by EC in FY2022.
- Increase in trade receivables mainly due to increase in progress billing in June 2023 by EC segment, increase in sales by CP and Solar segment in June 2023.
- Decrease in cash and bank balances mainly due to the purchase of corporate notes amounting to S\$5.3mil to earn higher interest as well as repayment of term loans and trust receipts.
- Purchase of S\$5.4Mn listed corporate 5.4% fixed rate notes due on 20 July 2023. Subsequently, this corporate note was fully redeemed on the due date.

Current liabilities of the Group decreased to S\$23.6 million from S\$27.6 million as at 31 Dec 2021. This was largely attributed to:

- Increase in trade payables and accruals of \$4 million mainly due to lesser utilization of trade financing which indirectly decreases in amount due to bankers.
- Decrease in term loan and lease liabilities are due to repayment during the period
- Decrease in other amount due to bankers are due to repayment during the period as well as lower utilization of trust receipts
- Increase slightly in contract liabilities mainly due to recognition of deferred revenue for project in E&C.

Non-current liabilities increased mainly due to reclassification of term loan.

Shareholders' equity decreased marginally to S\$131.10 million as at 30 June 2023 from S\$131.12 million as at 31 December 2022. The decrease was largely attributed to the dividend payout S\$2.14 million but offset by the profit for the year.

Condensed Interim Consolidated Statement of Cash Flows

During 1H23, the Group recorded a net cash outflow of S\$8.2 million due to: -

- a) Net cash from operating activities of S\$4.6 million with the changes in working capital of S\$0.82 million.
- b) Net cash used in investing activities amounted to S\$7.1 million in 1H23 mainly due to capital expenditure and purchase of corporate fixed notes for the Group.
- c) Net cash used in financing activities in 1H23 was mainly for the dividend payout of \$2.14 million and the repayment of trust receipts of \$2.3 million and repayment of term loan of S\$1.2 million



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2. Review of performance of the Group

Condensed Interim Consolidated Statement of Cash Flows

After taking into account the above net cash flows and net foreign currency translation adjustments, the Group's cash and cash equivalents as at 30 June 2023 stood at a healthy sum of S\$51.7 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the year ended 31 December 2022.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The World economic outlook updated on 25 July 2023 by IMF published that the global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. The global recovery from the COVID-19 pandemic and Russian's invasion is slowing amid widening divergences among economic sectors and region

The Monetary Authority of Singapore, in its Annual Report 2022/2023 published on 5 July 2023 forecast Singapore's GDP growth to ease from 3.6% in 2022 to 0.5%-2.5% in 2023. The Singapore economy has slowed discernibly since the last quarter of 2022, weighted down by weakness in the trade-related sector amid the global manufacturing downturn. The deep retraction in the global electronics industry and banking stresses abroad have dampened Singapore's growth prospect.

In an article published on Jun 2, 2023 in BT, BCA tender price index has risen 30.8 per cent between 2019 and 2022, Prices rose further 3.9 per cent in the first quarter of this year. The revenue of constructions companies in Singapore have improved as work has resumed and pandemic-era supply chain issues eased. But even so, pre-pandemic contracts and other headwind have continued to pressure their bottom lines.

The Ministry of Trade and Industry (MTI) announced on 25 May 2023 that the Singapore economy grew by 0.4 per cent on a year-on-year basis in the first quarter of 2023, moderating from the 2.1 per cent expansion in the previous quarter. The construction sector expanded by 7.2 per cent year-on-year, extending the 10.0 per cent growth in the preceding quarter. Both public and private sector construction output increased during the quarter as Construction companies clear pandemic backlog. Since the Economic Survey of Singapore released in February, the performance of advanced economies such as the US and Eurozone has been more resilient than expected, supported by domestic services demand. Nonetheless, their growth outlook for the rest of the year remains weak.

For the E&C segment, the steel engineering business is on track with its existing contracts on hand, our engineering steel contracts will be looking towards completion and we may be able to take on more jobs at the same time targeting on our Design Studio business to get more orders in the next 12 months.



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4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On the Solar Energy segment, our roof-top solar projects and distribution of solar panels together with its peripherals are expected to see yet improvements with more orders expected in Singapore and Indonesia when we tap on tabbing the growth on this part of the industry, whether worldwide or local. Singapore's wholesale electricity market has seen higher price volatility for sustained periods, as a result, it leads to an increase in demand for solar systems for substitution. As for the solar development project, we erred on the side of caution and have not committed to any new projects though we are actively looking at prospects.

For the CP segment, with post pandemic, and increasing costs & merger of our big customers, we will be exercising caution in taking on more order to manage effectively in the competitive pricing environment.

Overall, the Group will continue to exercise prudence in our operations as we remain cautious as the result of the global economic challenges, ongoing geopolitical developments and the continuing impact of escalating cost with reopening of the economy post pandemic.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

6. If no dividend has been declared/recommended, a Statement to that effect and the reason(s) for the decision.

It is not the Company's policy to declare interim dividends and will only declare dividends at year end subject to company's performance as well as its cash requirements.



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7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect,

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Tamaco Private Limited	Wholly-owned subsidiary of Teng Choon Kiat	S\$142,580	--
Total		S\$142,580	--

8. Confirmation Pursuant to Rule 705(5) of the Listing Manual

We, Ng Han Kok, Henry and Teng Choon Kiat being two directors of SHS Holdings Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first half year ended 30 June 2023 condensed interim financial statements to be false or misleading in any material respect.

9. Undertaking from Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

NG HAN KOK, HENRY

Group CEO

4 August 2023